preferences altogether. Civil rights proponents remain confident that Clinton would veto any measure that eviscerates affirmative action and that his veto would survive.

CAMPAIGN '96

The affirmative action issue will be test-marketed this year by Buddy Roemer, a Republican candidate for governor of Louisiana. But it is already intruding into the politics of 1996: California Gov. Pete Wilson has all but endorsed the initiative and Sen. Phil Gramm of Texas, who will soon announce his presidential candidacy, has taken over the appropriations subcommittee that handles the Justice Department. He will use it, predicts an administration official, ''as a platform to rail against quotas.''

The danger for Republicans lies in going too far in attacking affirmative action and courting resentful white males. If the antiaffirmative-action campaign ''turns into mean-spirited racial crap, to hell with it,'' William Bennett warned fellow Republicans.

But the questions at the core of the affirmative action debate remain unanswered. How much discrimination still exists in America? And what remedies are still necessary to aid its victims?

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[From the San Diego Union-Tribune, Aug. 21, 1994]

THE PREFERENTIAL TREATMENT BACKLASH

(By Peter Schrag)

A Republican attempt to prohibit California government agencies from discriminating for or against individuals on the basis of race, ethnicity or gender got a three-hour hearing in the Assembly Judiciary Committee this month, followed by the predictable brushoff from the committee's majority Democrats. ''It is one of the most dangerous pieces of legislation I have witnessed in my four years here,'' said Assemblywoman Barbara Lee, D-Oakland.

We should only be so lucky.

The California Civil Rights Initiative (CCRI), a constitutional amendment that would have required a two-thirds vote in each house of the Legislature in order to go on the ballot, had as much chance as a snowball in a furnace. It was sponsored by Assemblyman Bernie Richter of Chico and had some 42 legislative co-sponsors, one of whom was a Democrat and one an Independent.

It's a simply worded proposition. Its key passage says, ''Neither the state * * * nor any of its political subdivisions or agents shall use race, sex, color, ethnicity or national origin as a criterion for either discriminating against, or granting preferential treatment to, any individual or group in the operation of the state's system of public employment, public education or public contracting.''

Put that proposition to the voters unadorned and you're likely to get a sweep. It's as American as Abraham Lincoln and Martin Luther King Jr.: Judge people as individuals on what they can do, on the content of their character, not on what group they belong to or the color of their skin.

It's not the way things work, either in the universities, where much of the push and inspiration for CCRI comes from, or many other places in the public arena. Everywhere there are preferences based at least partly on something else—in hiring, in college admissions and in a thousand subtle other ways.

The reasons for some official preferences are obvious enough: 1) to make up for the lingering effects of past discrimination and 2) to try to get in the professions, in the civil service and on the campuses people who, at the very least, are not strikingly different in pigmentation from the rest of the populace.

But as the backers of the CCRI point out, the thing has gone to the point where new offenses are committed in the effort to remedy the old: Should there be scholarships reserved for blacks or Hispanics? Should college departments be offered bounties for bagging minorities in their faculty recruiting? Should there be legislative requirements of racial proportionality, not only in university admissions, but in graduation rates?

Should people of the right color or sex be given preference in contracting with public agencies, even if it costs the public more? And to what extent should success of a particular ethnic group—Asians in academic achievement for example—itself become a reason for race-based restrictions against them?

In some instances, these things have reached such totemic proportions that just questioning them is regarded as evidence of racism.

But it's not the whole story. Even CCRI's sponsors, who now hope to get the measure on the ballot by the initiative route, acknowledge that there are colleges that give preference in admission to children of alumni or, as at the University of California, to the offspring of legislators. And there are almost without doubt fire and police departments, and probably other public agencies as well, where it still doesn't hurt to be related to somebody, or at least to know them, whatever the civil service regulations say.

More important, there are legitimate sensibilities and experiences that come with certain backgrounds that may well be important in the selection of police officers or in enriching the composition of a campus. Where two candidates are otherwise similarly qualified, what's wrong with giving preference to the one whose parents are immigrants and grew up in the barrio?

CCRI's backers point out, correctly, that economic disadvantage could be used more legitimately to accomplish almost the same thing. But the very precision in CCRI's language is likely to run colleges and other state agencies afoul, on the one hand, of federal laws that encourage affirmative action and, on the other, to invite still more suits from disappointed applicants every time there's a suggestion that race or gender might have been used, however marginally, as a criterion.

All that being said, however, CCRI nonetheless reflects a set of increasingly serious problems and grievances that, as the state becomes ever more diverse, will become all the more vexing.

At what point do objective criteria and real performance become secondary to the politically correct imperatives of diversity, as in some cases they already are, thereby making it harder and harder to maintain standards of quality? To what extent do preferences for marginal candidates lead to frustration when its beneficiaries are overwhelmed?

The questions run on: To what extent will the real achievements of minorities be diminished by the suspicion that they, too, got some kind of break? To what extent does the whole process generate mutually self-validating backlash that further institutionalizes race in our society? And at what point, given our growing diversity, do the definitional problems about who is what—definitions, ironically, that squint right back to the slaveholders' racial distinctions—become both absurd and totally unmanageable?

The problem may lie as much in the idea of subjecting these processes to a rigid legal formula as in the formula chosen. And it lies in the unchecked spread of the idea that everything—college admissions, college graduation, a job—is an entitlement not to be abridged without due process.

But the complaint of the CCRI people is real enough, and it has legs.

ADDITIONAL COSPONSORS

S. 17

At the request of Mr. SPECTER, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 17, a bill to promote a new urban agenda, and for other purposes.

S. 47

At the request of Mr. SARBANES, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 47, a bill to amend certain provisions of title 5, United States Code, in order to ensure equality between Federal firefighters and other employees in the civil service and other public sector firefighters, and for other purposes.

S. 111

At the request of Mr. DASCHLE, the name of the Senator from Delaware [Mr. BIDEN] was added as a cosponsor of S. 111, a bill to amend the Internal Revenue Code of 1986 to make permanent, and to increase to 100 percent, the deduction of self-employed individuals for health insurance costs.

S. 242

At the request of Mr. DASCHLE, the name of the Senator from Delaware [Mr. BIDEN] was added as a cosponsor of S. 242, a bill to amend the Internal Revenue Code of 1986 to allow a deduction for the payment of tuition for higher education and interest on student loans.

S. 252

At the request of Mr. LOTT, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 252, a bill to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

S. 254

At the request of Mr. LOTT, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 254, a bill to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the U.S. merchant marine during World War II.

S. 262

At the request of Mr. GRASSLEY, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 262, a bill to amend the Internal Revenue Code of 1986 to increase and make permanent the deduction for health insurance costs of self-employed individuals.

S. 303

At the request of Mr. LIEBERMAN, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 303, a bill to establish rules governing product liability actions against raw materials and bulk component suppliers to medical device manufacturers, and for other purposes.

S. 304

At the request of Mr. SANTORUM, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor

of S. 304, a bill to amend the Internal Revenue Code of 1986 to repeal the transportation fuels tax applicable to commercial aviation.

S. 442

At the request of Ms. SNOWE, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 442, a bill to improve and strengthen the child support collection system, and for other purposes.

S. 448

At the request of Mr. GRASSLEY, the name of the Senator from Montana [Mr. BAUCUS] was added as a cosponsor of S. 448, a bill to amend section 118 of the Internal Revenue Code of 1986 to provide for certain exceptions from rules for determining contributions in aid of construction, and for other purposes.

SENATE CONCURRENT RESOLUTION 3

At the request of Mr. SIMON, the names of the Senator from Wyoming [Mr. SIMPSON], the Senator from Utah [Mr. HATCH], and the Senator from New York [Mr. D'AMATO] were added as cosponsors of Senate Concurrent Resolution 3, a concurrent resolution relative to Taiwan and the United Nations.

ADDITIONAL STATEMENTS

FLAT TAX ACT

● Mr. SPECTER. Mr. President, I ask that the text of my bill, S. 488, the Flat Tax Act of 1995, which I introduced on March 2, 1995, be printed in today's RECORD. The bill was inadvertently not printed in the RECORD on March 2, 1995, when it was introduced.

The bill follows:

S. 488

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INDIVIDUALS TAXED ONLY ON EARNED INCOME.

(a) IN GENERAL.—Section 1 of the Internal Revenue Code of 1986 is amended to read as follows:

"SECTION 1. TAX IMPOSED.

''(a) IMPOSITION OF TAX.—There is hereby imposed on the income of every individual a tax equal to 20 percent of the excess (if any) of—

''(1) the taxable earned income received or accrued during the taxable year, over

''(2) the standard deduction (as defined in section 63) for such taxable year.

''(b) TAXABLE EARNED INCOME.—For purposes of this section, the term 'taxable earned income' means the excess (if any) of earned income (as defined in section 911(d)(2)) over the foreign earned income (as defined in section 911(b)(1)).''

(b) INCREASE IN STANDARD DEDUCTION.—Section 63 of such Code is amended to read as follows:

"SEC. 63. STANDARD DEDUCTION.

''(a) IN GENERAL.—For purposes of this subtitle, the term 'standard deduction' means the sum of—

''(1) the basic standard deduction, plus

''(2) the additional standard deduction.

''(b) BASIC STANDARD DEDUCTION.—For purposes of subsection (a), the basic standard deduction is—

''(1) $16,500 in the case of—

''(A) a joint return, and

''(B) a surviving spouse (as defined in section 2(a)),

''(2) $14,000 in the case of a head of household (as defined in section 2(b)), and

''(3) $9,500 in the case of an individual—

''(A) who is not married and who is not a surviving spouse or head of household, or

''(B) who is a married individual filing a separate return.

''(c) ADDITIONAL STANDARD DEDUCTION.—For purposes of subsection (a), the additional standard deduction is $4,500 for each dependent (as defined in section 152) described in section 151(c)(1) for the taxable year.

''(d) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1995, each dollar amount contained in subsections (b) and (c) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1994' for 'calendar year 1992' in subparagraph (B) of such section.

''(2) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''

SEC. 2. INCOME TAX DEDUCTION FOR CASH CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Subsection (a) of section 170 of the Internal Revenue Code of 1986 (relating to charitable, etc., contributions and gifts) is amended—

(1) by striking paragraph (1) and inserting the following new paragraph:

''(1) GENERAL RULE.—There shall be allowed as a deduction any charitable contribution (as defined in subsection (c)) not to exceed $2,500 ($1,250, in the case of a married individual filing a separate return), payment of which is made within the taxable year.'', and

(2) by striking paragraph (3).

(b) CONFORMING AMENDMENTS.—

(1) Section 170(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(3) TERMINATION OF SUBSECTION.—This subsection shall not apply to taxable years beginning after December 31, 1995.''

(2) Section 170(c) of such Code is amended by inserting ''of cash or its equivalent'' after ''means a contribution or gift''.

(3) Subsections (d) and (e) of section 170 of such Code are repealed.

(4) Section 170(f) of such Code is amended by striking paragraphs (1) through (7) and by redesignating paragraphs (8) and (9) as paragraphs (1) and (2), respectively.

(5) Subsections (h) and (i) of section 170 of such Code are repealed.

SEC. 3. LIMITATION OF HOME MORTGAGE DEDUCTION TO ACQUISITION INDEBTEDNESS.

Paragraph (3) of section 163(h) of the Internal Revenue Code of 1986 (relating to interest) is amended—

(1) by striking subparagraphs (A), (C), and (D) and inserting before subparagraph (B) the following new subparagraph:

''(A) IN GENERAL.—The term 'qualified residence interest' means any interest which is paid or accrued during the taxable year on acquisition indebtedness with respect to any qualified residence of the taxpayer. For purposes of the preceding sentence, the determination of whether any property is a qualified residence of the taxpayer shall be made as of the time the interest is accrued.'', and

(2) by striking ''$1,000,000'' each place it appears and ''$500,000'' in subparagraph (B)(ii) and inserting ''$100,000'' and ''$50,000'', respectively.

SEC. 4. MODIFICATION OF TAX ON BUSINESS ACTIVITIES.

Section 11 of the Internal Revenue Code of 1986 (relating to tax imposed on corporations) is amended to read as follows:

"SEC. 11. TAX IMPOSED ON BUSINESS ACTIVITIES.

''(a) TAX IMPOSED.—There is hereby imposed on every person engaged in a business activity a tax equal to 20 percent of the business taxable income of such person.

''(b) LIABILITY FOR TAX.—The tax imposed by this section shall be paid by the person engaged in the business activity, whether such person is an individual, partnership, corporation, or otherwise.

''(c) BUSINESS TAXABLE INCOME.—

''(1) IN GENERAL.—For purposes of this section, the term 'business taxable income' means gross active income reduced by the deductions specified in subsection (d).

''(2) GROSS ACTIVE INCOME.—For purposes of paragraph (1), the term 'gross active income' means gross income other than investment income.

''(d) DEDUCTIONS.—

''(1) IN GENERAL.—The deductions specified in this subsection are—

''(A) the cost of business inputs for the business activity,

''(B) the compensation (including contributions to qualified retirement plans but not including other fringe benefits) paid for employees performing services in such activity, and

''(C) the cost of tangible personal and real property used in such activity.

''(2) BUSINESS INPUTS.—For purposes of subparagraph (A), the term 'cost of business inputs' means—

''(A) the actual amount paid for goods, services, and materials, whether or not resold during the taxable year,

''(B) the fair market value of business inputs brought into the United States, and

''(C) the actual cost, if reasonable, of travel and entertainment expenses for business purposes.

Such term shall not include purchases of goods and services provided to employees or owners.

''(e) CARRYOVER OF EXCESS DEDUCTIONS.—

''(1) IN GENERAL.—If the aggregate deductions for any taxable year exceed the gross active income for such taxable year, the amount of the deductions specified in subsection (d) for the succeeding taxable year (determined without regard to this subsection) shall be increased by the sum of—

''(A) such excess, plus

''(B) the product of such excess and the 3-month Treasury rate for the last month of such taxable year.

''(2) 3-MONTH TREASURY RATE.—For purposes of paragraph (1), the 3-month Treasury rate is the rate determined by the Secretary based on the average market yield (during any 1-month period selected by the Secretary and ending in the calendar month in which the determination is made) on outstanding marketable obligations of the United States with remaining periods to maturity of 3 months or less.''

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1995.●

THE SENATE WITHOUT SENATOR METZENBAUM

● Mr. SIMON. Mr. President, it has been only 2 months since the retirement of our former colleague, Senator